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WHITLAM LECTURE

DON DUNSTAN

DRAFT

In charting a course for the Labour movement it is vital to do two things - to analyse and understand the dynamics of the national and global economies, and to do so with a proper appreciation of our history of dealing with the problems of a market economy.

Labor in this country never accepted the Utopianism of the Marxist philosophy of dialectical and historical materialism, which held as doctrine that if all privately owned means of production distribution and exchange were expropriated to the State all cause of exploitation, all existence of classes in society would end - that the State would in fact wither away and there would be left merely an "administration" - a process owned and controlled by the whole people and that in Engel's lyrical phrases towards the end of his pamphlet "Socialism Utopian and Scientific", "Men at last masters of their own mode of socialisation become thereby masters of nature masters of themselves - free." . . . "It is humanity's leap from the realm of necessity into the realm of freedom". Marx and Engels were severely limited by their training in Hegelian philosophy and so were led to reject the minor proposals for Utopian experiments - spewing out the Utopian minnows and swallowing a Utopian whale. And as we have seen the systems founded upon their ideas have spectacularly collapsed after periods not of freedom but of bitter repression; of the inhumanity and cruelty of regimes from Stalin to Ceaucescu, of the emergence of institutionalised privilege within the system, and a failure to provide to citizens either the services, the goods or the environment which as human beings they were entitled to demand.

But the great misfortune which has occurred on the collapse of the system is that Soviet citizens, denied under their controlled education system of adequate knowledge of economic history, have tended in sweeping away a centrally planned system to leave the market and the growth of a capitalist economy largely uncontrolled, resulting in the very problems which gave rise to the whole Communist theory in the first place.

The conditions of uncontrolled capitalism were for the working people of England and Western Europe and, later, in America some of the worst conditions known in modern human history. It is quite clear that the treatment of working people by those who saw the only virtue in economic activity as being motivated by greed, came to be widely condemned. Marx's chapters on the Working Day and Industrial Capital in "Das Kapital" were vivid and accurate, but taken from official records which set out the pitiful conditions workers including women and children laboured under under uncontrolled capitalist development. The chaotic conditions now developing and providing misery for millions in former Soviet countries and where a class of happy and often crooked exploiters of that chaos is emerging was utterly predictable.

Labor in this country and Social Democrats everywhere have always accepted that we had to maintain the discipline of the market place as the

only basically effective general method of indicating the needs and wants of the people, and that we would maintain a rentier society in which development occurred and capital for development raised by borrowing money and paying interest or dividends on it. But in those circumstances we have also rightly believed that the State must intervene to ensure that market forces and the requirements of capital investment result in the social needs of the community being met.

And Labor has been clear what those social needs are. May I reiterate what in my political memoirs I stated as my reasons for entering political activity in Australia and working through the Australian Labor Party as the great reform party of this country.

"I believed then, as now, that it is possible to build a society in which individual citizens have security of food shelter work and services; which will celebrate their worth as individuals and that peoples are made many their differences their strength, where all citizens have an equal and effective say in their own governance and an opportunity to participate in and to influence decisions affecting their lives. It is possible to build a social democracy- a dynamic society in which there would be equal opportunity to act creatively within a social context." It has been Labor's proud accomplishment that great progress has been made in Australia towards the goal of that kind of society. Those accomplishments are now all under severe threat.

Now we are faced with political opponents who have adopted a policy which is very largely that of advocating unrestricted capitalism and of constantly advancing it. We have schools of economics where the history of economic thought is but little taught, and Universities where history studies are regarded as economically unimportant. The return to the advocacy of simplistic laissez faire policies in economics belies the experience of history. Rational economic analysis has been superseded by the economic teaching of the Chicago school calling itself oxymoronicly "economic rationalism". Their thesis as put forward by their political disciples is that faced with globalised economy what we must do is to reduce government provision of services to the barest minimum. - ensure that services so far as they are provided to the community whether in the area of what have been called public utilities or social services are only provided through organisations operating in the interests of private profit, that competition and the operations of an unregulated market can produce the optimum pattern of production and development of our resources, and that in the interests of incentive and international competition the public sector must eschew raising money by way of loan for long-term infrastructure development, that redistributive taxes must disappear as a means of providing social justice and that we must totally deny ourselves in all circumstances of the fiscal flexibility to run a deficit budget.

To examine and expose the absurdity as well as the enormity of these proposals to turn us back to a kind of social Darwinianism, mere survival of the fittest (or most cunning and rapacious) and "Each for himself and God for us all as the elephant said when dancing among the chickens," I need to revisit history a little -- not to advocate the politics of nostalgia. but to show that there have been proven ways to deal with the wrongs, the social

Australia's first course in Forestry was set up in 1910 and became a degree course at Adelaide University where it remained until its transfer to Canberra in 1925. Problems with die-back in *pinus radiata* were solved by the use of zinc sulphate and bi-partisan political support led to the establishment of a large State-owned forestry industry. While thinnings provided a considerable resource by 1930 calls at that time for the private sector to set up to make use of it drew no response. It was only much later that private sector operations began to be involved, but the State sector has remained throughout the driving force in providing a timber resource to this State, and proving a use of a non-indigenous timber already of considerable benefit to communities elsewhere in Australia. By 1975 the Departmental Forest in South Australia covered 73,000 odd hectares, the private sector forest 16,500 hectares and the department had created 6,000 jobs and paid \$19.9m to State revenue. The whole enterprise had provided a cheap timber resource which has been a factor in keeping housing costs down - of which more later. The State Forestry enterprise is on the Olsen Government's privatisation list. The whole pine forestry enterprise and the pine resource of this nation would not exist if the matter had been left to the enterprise of the private sector or initiative called forth by the operation of the market- indeed we would not have developed *pinus radiata* as a resource in this country at all.

In the depression years of the 1930s this State, a largely agricultural area with a declining mining sector and small production in motor body building was hardest hit of all mainland states. Adult male unemployment stood at 33%, and farmers were walking off farms in droves. Playford who presided over the tough administration of the Lands Department was determined to see that the economy diversified and we undertake industrial development. That would not happen on its own - the necessary infrastructure support must be created. At that time the electricity supply was provided by the Adelaide Electric Supply Co. incorporated by Statute but wholly privately owned and financed, and which in its early years had regularly paid a dividend of 12% and though this fell to 7 % for a while was restored to 10% by the time Playford was embarking on his industrialisation program. Electricity production here was also subject to uncertainty from problems in coal supply from the eastern states, but the Company refused to be involved in the costly exercise of the exploitation of the soft brown coal deposits within this state where supplies could be assured. Nor would they do special deals to assist the establishment of industry here. Playford appointed a Royal Commission among whose findings were these::

'(11) It is essential that the company should endeavour to fix its charges for industrial purposes at a rate sufficiently low to meet competition for industry by other States.

(18) Over the period of the last 24 years the Company has paid in dividends and interest nearly 2,000,000 pounds more than if the Treasury rates had been paid. Future capital costs at Treasury rates would result in reduced capital costs and so lower charges.

(19) An adequate supply of electricity at reasonable charges is of the utmost importance to the community particularly for the development of industry.

injustices, the failures of the private sector to produce needed results in the past, that we have established institutions which continue to serve the purpose of serving the community and avoiding previous lack of both service and social justice, and that the institutions and policies of the past can be adapted and built upon to make sensible policy to deal with current challenges. It is vital to learn the lessons of history. If we don't know where we have come from we cannot make intelligent judgments about where we are going to.

Firstly there are considerable limitations to relying on the unregulated market place alone to produce optimal results socially and economically. Keynes exposed the baselessness of laissez-faire theories in his lectures in 1924 and 1926 "The End Of Laissez Faire". As he said then "The world is not so governed from above that private and social interest always coincide. It is not so managed here below that in practice they coincide. It is not a correct deduction from the Principles of Economics that enlightened self-interest always operates in the public interest. Nor is it true that self-interest generally is enlightened; more often individuals acting separately to promote their own ends are too ignorant or too weak to attain even these. Experience does not show that individuals when they make up a social unit are always less clear-sighted than when they act separately." Historically Labor (and at times as I shall show, non-Labor) Governments have proved it necessary to intervene in various ways in the market place to ensure socially desirable results. Sometimes the traditionally termed left-right divide in these interventions has been characterised as a fight between public and private ownership. That is quite an inadequate analysis. Labor has not held the view that there is any particular virtue as between the public or private holding of the indicia of title by a public body raising its money from bondholders or a private company raising its money from shareholders as long as the needs of the public are adequately served and in the case of basic services that they are delivered on a basis of social justice. Intervention may be found to take place not only by nationalising assets or undertakings - it may be also by setting up a publicly owned enterprise where the private sector will not in order to meet the community's needs or where a government enterprise may itself force better service by competition with the private sector, it may be by licensing or regulating, it may be by providing assistance to the average citizen to place him or her on a footing of equality with wealthier interests. The forms of intervention are necessarily empirically chosen, but as I shall show by the example of South Australia have been vital to produce a productive fair and just society.

South Australia at its founding in 1836 had poorer natural timber resources than any other State. Much of such woodland as then existed was quickly cleared in the province's first forty years. Timber was used for fuel, fencing, in the mines, or often wasted. In 1875 a Forest Act was passed and a board appointed. They established a number of nurseries and tried out many species of trees. Outstanding results were obtained from *pinus radiata* which appeared to grow more rapidly here than in its native environment. In 1883 the Board was replaced by the first Government Woods and Forests Department in the British Empire, and in 1902 the first State Sawmill set up,

The interests of the public in this regard have so far been largely at the discretion of the directors of the Company. Its claim that the public interest has been and will continue to be studied tends to conflict with the directors' duty to shareholders.

(20) The Company supplies a large area of the more densely populated portion of the

State. If it is to expand its area of supply or refuse supply entirely in accordance with its own decisions founded to a large extent on its own interests the development and coordination on sound lines of electricity supplies throughout the State will be very difficult."

Accordingly they recommended that the assets of the Company be acquired and that from then on electricity supplies be the responsibility of a statutory Trust owned by the State. Playford, with the support of the Labor Party pushed the legislation through the Parliament, and the Electricity Trust became a vital factor in this State's economy, owning and running its own soft brown coal mine at Leigh Creek, financing its operations through semi-governmental loans providing good deals for industry and ensuring not only reasonable costs to consumers generally but also ensuring delivery to the poor and the remote on a basis of social justice. The Royal Commission had pinpointed the fact that there is real conflict between the aims required of directors of companies in the private sector - their primary concern must be to maximise returns to their shareholders, while the board members of a publicly owned Trust must endeavour to operate efficiently and economically with the best return possible to Government subject to the objective of providing the service that the community needs on a just and reasonable basis. That very conflict is highlighted at this time between the maintenance of Telstra in majority public control and operation with an agenda to see that services are provided to all and that profitable areas of return subsidise the cost to the remote and disadvantaged who cannot pay the full user cost of telephone service, and in contrast its sale to wholly private interests whose only duty under Company law is to maximise the benefit to shareholders.

The Electricity Trust is a Government undertaking which has been wholly funded by its clients the consumers of electricity. It has not cost the Treasury anything. It has, as was proposed by the Royal Commission raised capital for its plant and development by loans approved at semi-governmental loan rates which are well below the cost of dividends sought by investors in share capital. Those loans have been largely repaid, so the users have already paid the capital cost of the undertaking. ETSA has not only paid the Government the normal State taxes and charges and a notional amount equal to Commonwealth Company tax, but also amounts as "dividends." In the last four financial years the Government has received through extra charges of this sort on the Trust some \$1.3 billion. \$700m was taken last year, part of it by a piece of creative accounting by the Trust borrowing \$450m from the State Government for so-called "capital restructuring" and using it to pay a similar amount back to the Treasury as "dividend". The result was to increase the Trust loan liability from a low \$400m on assets and business worth an estimated \$6 billion to \$850m.

Mr. Olsen at the last elections solemnly promised the people that there

would be no sale of ETSA After the elections he became aware, he says, that the Auditor-General has warned (in a warning communicated to the Premier's Department in the middle of last year - a warning Mr. Olsen was, he assures us with a straight face, "unaware of" months later at election time). The warning is that there are certain identifiable risks to the State's finances through South Australia's being involved in the national electricity grid and complying with the national competition policy. in that

(1) ETSA has been making (apart from the so-called loan arrangement last year)a payment to State Treasury annually of about \$212m which it may not be able to do if complying with competition requirements,

(2)The risk that competition in supply of electricity may lead to a reduction in ETSA's market

(3) The risks of penalties in non-compliance with the competition policy through the non-payment to the State of "competition payments" of about \$332m and a potential reduction in the Commonwealth's payment of financial assistance to the State amounting to\$ 690m

Mr. Olsen has now claimed that that means that the electricity undertaking must be sold. If it is sold that does not mean that South Australia has conformed to national competition policy. Mr. Olsen has said that we are facing a loss of over \$1billion. How? The Auditor-General has said no more than that the risks known in the negotiations for South Australia's entering the national grid must be properly managed

Mr. Olsen is now proceeding with legislation to sell ETSA alleging that that is necessary to relieve the State of the risk, and will help to carry us to his goal of having the Treasury "debt free" This is the most transparent attempt at selling the people the old thimble and pea trick that is has been my misfortune to come across in a lifetime in politics. If ETSA is sold and the money paid into the Treasury for general debt reduction it will not mean that the people of the State have less debt and costs but more.

The electricity undertaking will still be subject to the requirements of national competition policy and subject to competition in the operation of the national grid. Non compliance will affect South Australia's payments whether the undertaking is privately or publicly owned. .Privatising is not a condition of national competition policy - so the question of compliance with that policy and the effect of non-compliance is irrelevant to the question of ownership. What is more what is the great risk that Mr. Olsen talks about? Compliance with the policy has been on track for some time. All the Auditor General is warning is that noncompliance will carry costs.

In addition the raising of share capital for the electricity undertaking will mean that dividends to shareholders will have to be paid.- by the consumers. For shares to be sold they must have the promise of dividends at a higher level than semi-government bond interest payments. As the Royal Commission pointed out electricity charges would be much lower if governmental loan rates are payable for capital development rather than dividends on shares. We have the current spectacle of a well known public figure in large newspaper advertisements urging people to improve their income by investing in a balanced share portfolio rather than have it sitting in government-guaranteed loan. That improved income if a bondholder opts

to transfer his money to shares to get a dividend higher than interest on his bonds must be met by the consumers of electricity. And they will be paying for dividends on the whole cost of the purchase of ETSA \$4-\$6 billion whatever price they sell it for instead of semi-governmental loan interest and capital repayment on \$850m.

So all Mr. Olsen is doing with his ploy is to make the Treasury books look better -with a one- off addition of money from the sale - but increase heavily rather than decrease the effective burden on South Australian taxpayers. For the taxpayers and the consumers of electricity are the same people - virtually every South Australian is a consumer of electricity.

The only reason that this course is being pursued contrary to the experience in South Australia leading to the setting up of our publicly owned electricity undertaking is the ideological position that the community and governments should run nothing in the way of service undertaking, and that social needs will inevitably be met if everything has as its sole object the making of private profit.

The results of that belief are only too vividly demonstrated for us in New Zealand. There the government undertaking for electricity supply in Auckland was transferred to a corporation where four of the nine member board was elected by the consumers but the control was in the hands of the five member majority whose task it was to prepare the undertaking for a share float where those five would thereafter be elected by the subscribing shareholders. This was the course to effective privatisation under which the government had no control and the consumers merely token and minority input. The regime of management which then operated to reduce costs of the undertaking saw capital investment in upgrading the existing works put on hold, the staff reduced and maintenance reduced in order to make the share float attractive. Disastrously the whole cable system went into burn out causing massive losses to business and private individuals dire discomfort to Auckland residents and chaos in the city. The case makes a sick joke of the adage that private management is always more efficient than public management.

And that this is the kind of future we can expect by the demand that the community should not intervene in the economy by running needed community services has been amply demonstrated here in South Australia already.

South Australia is the driest State in the driest continent on earth. Providing water here has always been a matter of crucial public importance. It was one of the great successes of the Playford regime that we did it so effectively. While other States have from time to time had to have water restrictions on use by the public, that has not occurred in South Australia since 1957. The Engineering and Water Supply Department of South Australia took over the whole water and waste water management of the State - not operating on a series of local water boards but operating under central management and using Governmental loan money to build efficient catchments to store and supply natural rainfall and to hold waters pumped from the Murray River. Pipelines were built across the State and water was made available to the poor and the

remote at prices they could afford. The rating system provided that the more valuable properties subsidised the poor and the average householder. Adelaide was effectively sewered ahead of any other Australian capital. The only criticism that could be made of the water supply was that it was alkaline and its taste was unattractive. When Michael Flanders and Donald Swan appeared at a theatre in Adelaide Flanders, sitting in his wheelchair mid stage was brought a glass of water. He took a sip, screwed a face and said "Adelaide water!" Another sip - "Chap must have his own billabong" - a third sip - "And somebody's camped by it!"

When Gough Whitlam commenced his program to induce improvement to the quality of life in the poorer suburbs of metropolitan areas by offering money to the States under section 96 grants to undertake sewerage of their unsewered urban areas he said we in South Australia didn't qualify for these grants because we were already fully sewered in Adelaide. I agreed that we were but that we were under another disability - our water needed filtration and after one of those arguments he and I seemed to have with considerable regularity it was agreed that we could get money to commence the filtration of the metropolitan water supply. The department operated efficiently but was subjected to repeated scrutiny as to its operations, and its structure and management went through revision from time to time to ensure that that efficiency was maintained.

Enter Mr. Olsen. No mention was made at the 1993 elections of any move to privatise the water supply. Mr. Olsen however embarked upon a program which he said would deliver great results to South Australia. The plant and equipment of water supply would still continue to be owned by SA Water - the department downsized and "corporatised" - but the management of water and waste water would be sold to a consortium which would bring international expertise to South Australia, centre its research operations for the whole of South East Asia and the Pacific here, tender for projects for water and waste water in that region and provide employment for South Australians and be required to draw on South Australian suppliers of equipment in those international operations thus creating a great water industry for South Australia.

There was also to be a provision that within a twelve months the company formed by the successful consortium become at least 60% Australian owned.

The successful consortium was formed by Thames Water (one of Mrs. Thatcher's privatisation beneficiaries), CGT (a French corporation also running a privatised water operation) with a tiny share holding by Kinhill, a local engineering company well known in Australia. The contract with the consortium was not revealed publicly on the grounds of "Commercial confidentiality." That excuse in relation to State assets and money is entirely without justification. When the State made an agreement with BHP to set up an iron ore smelter and later a steelworks and shipyard at Whyalla it was done under indenture properly scrutinised by Parliament. However, in due season the agreement was leaked. It did not contain the assurances and enforceable guarantees Mr. Olsen had claimed for it. The Company, "United Water" has not only made no attempt to involve Australian ownership, but the Kinhill interest has been sold to another international

company. The management of our water supply is now entirely in foreign hands, and hands which are concerned only with the provision of returns to their foreign shareholders and the payment of much larger salaries to their executives than are ever paid in the public sector. Water is not cheaper - its price has gone up by more than inflation. Staff have been laid off and employment severely decreased. So far from the principle companies working through their local subsidiary here for contracts in developing countries in our region - they are in competition with that company for contracts. The research facilities of the principle companies have not been transferred from France or England. The great water industry is a mirage.

The objectives of the Engineering and Water Supply Department were not to make money for the Government (though at the time of the privatisation of the management it was providing revenue above its costs), but:

To ensure optimal use of the State's water resources for the greatest benefit of the community

Provision of water related services to the extent and standards established by Government in consultation with the community

Efficient provision of services.

Full recovery of expenses from recipients of services except where explicit Government subsidies apply

Provision of services in a socially responsible manner.

It can be seen that those objectives are very different from a concentration on maximising returns to foreign shareholders. And the result ?

Last year the reduced maintenance staff of United Water failed adequately to monitor the operation of the sewage treatment plant at Bolivar. A gate leaked, was not repaired, and for weeks raw sewage poured into the bio-mass and killed it. Our sewerage system, functioning efficiently till then, ceased to function, and Adelaide which can normally proudly boast its clean air as compared with other cities had its North Western suburbs - nearly one third of the whole metropolitan area, invaded by the smell of hydrogen sulphide for months. Was the great international expertise of our foreign management able to cure the problem? No - they had to call back a former E&WS employee who had shifted interstate and whose investigation put the blame squarely on them.

Clearly the substitution of shareholder maximum returns and the market place for the stated aims in social justice of the public utilities this State has properly established do not produce economic efficiency, effective service or social justice. But nor can the market place inevitably call forth the undertakings which can satisfy economic demand or community need. I could give many examples from the State's history but one will suffice because it can be illustrated by contemporary events. In setting out to see that among other elements of the quality of the good life for South Australians we built on the heritage we had to make this the major centre for the arts in this nation it was essential that we provide for workers in that area a multifaceted employment base. In order to give actors and technicians reasonable employment opportunities we needed to have, amongst other

things a film industry. There was no film industry here. With the help and advice of Philip Adams for which tonight I want publicly to thank him I was shown the basis on which we might proceed. We set up not the limited film units attached to Government which some other States had done, but a statutory corporation with full entrepreneurial capacity and gave it exclusive rights to making government films which provided it with a basic run of work and backed its going into production itself to demonstrate to producers the advantages of working here. Historically it became a prime factor in the re-establishment of the Australian film industry which had been destroyed by the uncontrolled market place - the dumping of American films here in theatre chains controlled by the internationals. You will remember the successes - Sunday Too Far Away, Picnic at Hanging Rock, The Last Wave, Storm Boy, Breaker Morant.

None of that would have happened but for the community enterprise of setting up the Corporation and facilitating its work. And its success has persisted. The Film "Shine" of such international acclaim and commercial success was made by a man who got his start at the Film Corporation and who made it here with the Corporation. Those who say that this would have happened as a result of market place initiative are absurdly refusing the evidence.

In planning our future it serves neither economic efficiency nor social justice to destroy the institutions which society from experience has created and which are efficiently meeting the social needs of the community. They are not impediments to progress but foundations for it. But the economic rationalists and Mr. Olsen adduce a further argument for selling off the family silver. Debt. We must get rid of the present or any debt. Australia like most of the market economies of the world, has reasonably and properly borrowed money to build its infrastructure. We would not have a town hall, a general post office, roads and railways schools and hospitals if we had not done this. Always of course one must be careful to see that the level of borrowing does not get to the stage where one cannot service the debt from current income. People are constantly encouraged to borrow money for the major investment most families make in their lives - the purchase of a home. Rightly banks do not lend to those who require more than 30% of their current income to service the interest and principal repayments on their home loans. Nor should the States debt servicing go beyond that figure and in fact it is far lower. But with the State it must be remembered that the loans do not have to be repaid within thirty years. Public infrastructure lasts far longer and services normally not one but three, four generations. It is reasonable and has always been the practice that the cost of major public works was shared over the generations which would use it. Loans can be rolled over and in history have been. The debt burden in South Australia in world terms is quite low. At the time the Liberal Government took over in 1993 after the so-called bank disaster the public debt of south Australia in real terms was less than in Tom Playford's day or in the early years of my Government. We reduced it quite markedly by selling our railways to the Commonwealth and having the Commonwealth assume the railway debt obligation. But that debt structure then was manageable - people have never stopped praising Tom

Playford's management of the Treasury, indeed even Malcolm Fraser was heard to observe that mine was pretty good. Are we really in a desperate situation? Certainly not. On the last comparison available with OECD countries in 1992 South Australia's public debt per capita was less than that in Belgium, Italy, Ireland, Greece, Netherlands, Canada, Spain, Austria, United States, United Kingdom Denmark, and France, and well below the average. That position obtains today. Why do we have to have a fire sale of community assets including assets which are revenue producing? It is only for ideological and irrational reasons that this is put forward.

We must retain our right to intervene by State action to create undertakings to temper the market place or to remedy its failures. Moreover we must retain our right to exercise community judgment about the depredations of international footloose capital and investment here to meet the social aims of justice and a fair go in our community. We must retain the protections which have been historically built to protect the working people and to right the wrongs of the disadvantaged and underprivileged. All of these are under threat now. Witness the fact that this State had under successive Governments the most extensive public housing program of any State with over 30% of housing built from public funds it kept housing and therefore industrial and business costs low and provided South Australia with both the most affordable housing and the lowest housing prices in the market place. The Federal and State economic rationalists have wound up the program and are selling off the public housing stock. We had under my Government the best health and hospitals establishment in Australia and the best public education system - both have been starved of the money needed to maintain those standards - the hospital system once our proud boast is in dire straits. And it is no excuse to say that the tax base has declined and we can't afford it. An Australia which sees more and more of its people falling below the poverty line while its wealthy as listed in Business Review Weekly have increased their wealth exponentially is not taxing fairly. Wealthy Australians gained a huge benefit from the introduction of imputation credits on franked share dividends, - in the first 6 years of the operation of that tax reduction, almost entirely going to the wealthy, they had a present from the Treasury amounting to \$13billion. The well-off are also avoiding tax by the use of private family trusts; overwhelmingly these are fictional arrangements where family members have income notionally distributed to them to bring them below a tax threshold.

The intervention of which I have been talking is intervention for social justice. The present Federal Government is certainly intervening - intervening to demolish rights and protections of citizens to make them completely subject to the greedy manipulators of the market place: to have governments abdicate the role of providing social justice and to prevent intervention for it in the future

I will end with three examples of this.

The Aborigines of this country were denied the rights they should have had recognised from the beginning of European settlement here. The repeated instruction of the Government at Westminster that the land rights of Aborigines must be preserved to them were ignored in every State. They

have at last established in law that they had land rights here and that this was not, contrary to the judgment of Mr. Justice Blackburn, "terra nullius". The courts have said that in most cases of title in Australia there is no turning the clock back. But in lands not alienated from the Crown with exclusive land rights to the grantee (as in the case of freehold land) if there is a remaining connection with the land Aborigine descendants of the original owners have rights in it subject to the specific overriding rights granted under leaseholds. That is a right established by Aborigine citizens in law- our law. Mr Howard proposes effectively to deprive them of it in favour of pastoral lessees - to give to these an enhancement of their existing rights - and calls it a "fair compromise." He's saying - "I'll fix the market place and fix it against you." But he insists he's not racist, he's just happy telling the impoverished pastoral interests of this country that he is extinguishing the rights of Aborigines to negotiate in relation to developments on their land not provided for in the pastoral leases.

To the trades unions he says he is not against trades unions - he is only proceeding to destroy them for the benefit of the working class who can then negotiate on his kind of level playing field. On that he would fail any surveyor's exam. His level playing field has unevenness of Himalayan proportions. The market place will provide you see. The protection of worker's conditions established by years of struggle must go out the window. The Trades Unions of this country came into being as did the Labor movement because of the unfairness of the unregulated market place and the rapacity of employers driven by the same motive as is now hallowed by economic rationalism: the greed to maximise your personal returns regardless of the needs of others. The Government has involved itself clearly in a plot with private interests to break the Maritime Union - and on the way they have behaved that is just a beginning. Mr. Howard says he is not against unionists or individual members of the MU - but hails as "historic" the unloading of cargo by non-Union labour. He talks about people's obeying the law, but backs with our the taxpayer's money a scam by which Patrick Stevedores have emptied their subsidiary companies of assets so that when waterside workers acting legally have sought orders against unlawful dismissal as they are entitled to do they find that the companies they are suing are empty shells. The Howard Government says it is pursuing Mr. Skase over that kind of crookery - and involves itself in the same kind of operation.

Most threatening of all is the Howard Governments enthusiastic involvement in the plans for a Multilateral Agreement on Investment - the MAI. This agreement is being negotiated under the auspices of the OECD, according to which the core concept is "non-discrimination". (non-discrimination in respect of foreign investors and the operations of multinational corporations) Under the MAI foreign investors and their investments must not be treated less favourably than a country treats its own investors. Investment related payments including capital, profits, and dividends must be freely permitted to and from the host country. Investors and key personnel must be granted permission to enter and stay to work in support of the investment. Requirements for foreign investors to do and

achieve certain things not required of local investors would be prohibited. The OECD gives as an example a minimum target of export goods and services. It does not mention that a requirement of job creation would be prohibited - but that is the proposal. There will be an international tribunal which will be able to enforce the treaty, which allows an investor to sue a state or one state to sue another, but before which no state can sue an investor. While it is possible under negotiations for the treaty to make ~~reservations~~ ^{exceptions} from its provisions, the treaty requires these to be rolled back over a limited period and so eliminated. Once in the treaty we are in for at least five years but if we then withdraw the effects of the treaty in respect of dealings in the five year period will be in force for another fifteen. As to reservations - the Howard Government has made a reservation in respect of indigenous persons - whether in fact that can cover the range of Aboriginal rights is unclear. It typically has *opposed* legal enforceability of labour rights in the treaty, and in respect of the environment the treaty has no legally enforceable provisions. It is carrying out what the President of the United States Council for International Business has claimed for it - "The MAI is an agreement by governments protecting international investors and their investments and to liberalise regimes. We will oppose any and all measures to create or even imply obligations by governments or business related to environment or labor.

"Mr. Howard and his Government are already about demolishing protection checks and balances against market place injustice in Australia. In the MAI they will cast us into a position where there are no internationally enforceable means to limit market place injustices no representative or accountable body with any power, no protection of any kind. This proposal will hand us over to the international financial market place with no recourse and no say in what happens. We have seen already that the IMF has pursued in relation to developing countries a demand that to be in receipt of continuing support for their loan structures they must institute economic rationalist policies which have abolished help for the poor and the underprivileged downsized governments services abolished redistributive taxation and imposed flat rate value-added taxes. Only the prospect of a total breakdown in society in Indonesia has forced them to modify their demands there, and eventually admit reluctantly that a problem is created by the selling down of the currencies of South East Asia. The rupiah has in this uncontrolled market place clearly been sold down to way below its real value - with dire results to the lives of ordinary people in Indonesia. But it is into this uncontrolled environment that it is proposed that we move the Australian economy. It would be a total abdication of democratic rights to the manipulators of the market place.

Mr. Howard is inviting us to pursue the policy of lemmings - to rush over a cliff and find ourselves free in a market place sea in which we will drown.

We must reply we will intervene - we will intervene to retain our right to a say in our own future, to temper the market place by action to provide services and social justice retain institutional safeguards and provide needed development in the community interest for we know that we intervene or we sink.